

Message Text

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56

ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 AGR-05 SP-02 AID-05

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

OPIC-03 XMB-02 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 PA-01 PRS-01 NSCE-00 SSO-00 USIE-00 INRE-00

COME-00 /088 W

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O P 311555Z JUL 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 7103

INFO AMEMBASSY BOGOTA PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY SAN SALVADOR PRIORITY

AMCONSUL RIO DE JANEIRO PRIORITY

AMCONSUL SAO PAULO PRIORITY

C O N F I D E N T I A L BRASILIA 6735

E.O. 11652: GDS

TAGS: ETRD, EAGR, BR

SUBJ: BRAZILIAN PURCHASE OF SALVADORAN COFFEE

REF: STATE 189085 AND PREVIOUS

1. IN A MEETING WITH FOREIGN MINISTER SILVEIRA ON SEVERAL MATTERS YESTERDAY (JULY 30) I RAISED WITH HIM OUR CONCERN ABOUT THE PURCHASE OF SALVADORAN COFFEE. I TOLD HIM THAT IT WAS DIFFICULT FOR US TO UNDERSTAND THE SOLUBLE COFFEE EXPLANATION FOR THE VERY LARGE PURCHASE, PARTICULARLY IN THE LIGHT OF THE STATEMENT BY THE EXECUTIVE VICE PRESIDENT OF INTERBRAS REFERRED TO IN THE JULY 29 PRESS AND THE STATEMENT BY CALAZANS OF IBC IN THE JULY 30 PRESS, BOTH OF WHICH EMPHASIZED THE UPWARD EFFECTS OF THE PURCHASE ON WORLD PRICES. (IN A PIECE IN THE JULY 30 ESTADO DE SAO PAULO HEADLINED "CALAZANS: COFFEE PURCHASE WILL RESTRAIN
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SPECULATION", CALAZANS WAS QUOTED AS SAYING THAT (A) THE

IMPORTATION OF THE SALVADORAN COFFEE WILL RESTRAIN THE BEARISH SPECULATION IN FOREIGN COFFEE MARKETS WHICH HAS BEEN ACCENTUATED SINCE JULY 9; AND (B) BRAZIL MIGHT MAKE ADDITIONAL IMPORTS, AND (C) THE GOB MUST BUY AND SELL IN THE WORLD MARKET WITH THE OBJECTIVE OF PROTECTING PRICES AND NEUTRALIZING BEARISH MANEUVERS.)

2. I TOLD SILVEIRA THAT IN THE BROAD SENSE THE APPARENT GOB ATTITUDE CONFLICTED WITH THE PURPOSES OF THE ICA AND IN A TACTICAL SENSE COULD HAVE VERY NEGATIVE EFFECTS ON CONGRESSIONAL CONSIDERATIONS OF THE NEW AGREEMENT. WHEN SILVEIRA REFERRED TO THE AIDE MEMOIRE DELIVERED BY AMBASSADOR PINHEIRO, I EXPRESSED THE OPINION THAT IT SEEMED TO BE OVERTAKEN BY THE ANNOUNCEMENT OF THE VERY LARGE PURCHASE FROM EL SALVADOR AND THE SUBSEQUENT STATEMENTS BY HIGH OFFICIALS IN THE COFFEE SECTOR.

3. SILVEIRA MADE NO ATTEMPT TO JUSTIFY OR EXPLAIN THE SANTANA AND CALAZANS STATEMENT AND SAID HE WOULD LOOK INTO THE MATTER IMMEDIATELY.
CRIMMINS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IMPORTS, COFFEE, PRICES, GOVERNMENT REACTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BRASIL06735
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760296-0869
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976072/aaaaaazd.tel
Line Count: 81
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 STATE 189085
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 19 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 MAY 2004 by buchant0>; APPROVED <08 SEP 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BRAZILIAN PURCHASE OF SALVADORAN COFFEE
TAGS: ETRD, EAGR, EPAP, BR, ES, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006